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Proposed Attorneys for Debtors  
and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----	X	
	:	
In re	:	
	:	
Paralax Development Industries, Inc.,	:	Chapter 11
a New York corporation,	:	Case No. 05-45143 (BRL)
	:	
Debtor.	:	
	:	
-----	X	
	:	
In re	:	
	:	
Levitz Home Furnishings, Inc.	:	Chapter 11
a Delaware corporation,	:	Case No. 05-45189 (BRL)
	:	
Debtor.	:	
	:	
-----	X	

-----	X	
In re	:	
John M. Smyth Company,	:	Chapter 11
an Illinois corporation,	:	Case No. 05-45207 (BRL)
	:	
Debtor.	:	
-----	X	
In re	:	
Levitz Furniture Company of Delaware, Inc.,	:	Chapter 11
a Delaware corporation,	:	Case No. 05-45211 (BRL)
	:	
Debtor.	:	
-----	X	
In re	:	
Levitz Furniture Company of the Midwest, Inc.,	:	Chapter 11
a Colorado corporation,	:	Case No. 05-45212 (BRL)
	:	
Debtor.	:	
-----	X	
In re	:	
Levitz Furniture Company of Washington, Inc.,	:	Chapter 11
a Washington corporation,	:	Case No. 05-45213 (BRL)
	:	
Debtor.	:	
-----	X	

-----	X	
In re	:	
Levitz Furniture Corporation,	:	Chapter 11
a Florida corporation,	:	Case No. 05-45194 (BRL)
Debtor.	:	
-----	X	
In re	:	
Levitz Furniture, LLC,	:	Chapter 11
a Delaware limited liability company,	:	Case No. 05-45198 (BRL)
Debtor.	:	
-----	X	
In re	:	
Levitz Shopping Service, Inc.,	:	Chapter 11
a Florida corporation,	:	Case No. 05-45200 (BRL)
Debtor.	:	
-----	X	
In re	:	
RHM, INC.,	:	Chapter 11
a Delaware corporation,	:	Case No. 05-45204 (BRL)
Debtor.	:	
-----	X	

-----	X	
	:	
In re	:	
	:	Chapter 11
Seaman Furniture Company, Inc.,	:	Case No. 05-45214 (BRL)
a Delaware corporation,	:	
	:	
Debtor.	:	
	:	
-----	X	
	:	
In re	:	
	:	Chapter 11
Seaman Furniture Company of Pennsylvania,	:	Case No. 05-45216 (BRL)
Inc., a Pennsylvania corporation,	:	
	:	
Debtor.	:	
	:	
-----	X	
	:	
In re	:	
	:	Chapter 11
Seaman Furniture Company of Union Square,	:	Case No. 05-45217 (BRL)
Inc., a New York corporation,	:	
	:	
Debtor.	:	
	:	
-----	X	

**MOTION OF THE DEBTORS PURSUANT TO  
RULE 1015(b) OF THE FEDERAL RULES OF BANKRUPTCY  
PROCEDURE FOR AN ORDER DIRECTING THE JOINT  
ADMINISTRATION OF THEIR CHAPTER 11 CASES**

TO THE HONORABLE  
UNITED STATES BANKRUPTCY JUDGE:

Levitz Home Furnishings, Inc. and 12 of its direct and indirect subsidiaries, as  
debtors and debtors in possession (collectively, the "Debtors" or "Levitz"), respectfully  
represent:

### **Background**

1. On the date hereof (the "Petition Date"), each of the Debtors commenced a case under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). The Debtors are authorized to continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. Levitz commenced these chapter 11 cases in order to provide it with access to capital so that it can complete the cost-saving and other initiatives that began in April of this year and to provide its vendors and customers with certainty of performance necessary to assure their continued support. With the infusion of \$25 million of postpetition financing in the near-term and the opportunity to raise additional capital through a chapter 11 reorganization or sale as a going concern, Levitz is confident that it will reap the benefits of initiatives that have already reduced costs by almost \$40 million, including the rebranding of certain Seaman stores under the Levitz name, the elimination of distribution chain inefficiencies, and the reduction of general overhead expense. Now, in the comfort of a chapter 11 reorganization, the ability to restructure its debt and attract its new capital will enable it to stabilize and enhance its operations, rationalize its capital structure and, accordingly, maximize value for all parties in interest. All of this will enable it to maintain strong employee and vendor base so it will remain a leading furniture retailer for the long term.

### **Levitz's Business**

3. Levitz is one of the largest specialty retailers of furniture in the United States, with approximately 121 stores in 11 states. Levitz sells more than 30 different product categories of national brand furniture by utilizing a "lifestyle environment" selling approach, in which it displays merchandise in a furnished room setting format. Levitz sources its merchandise from approximately 200 domestic and international vendors. Approximately 30%

of its merchandise is sourced overseas. A more detailed explanation of Levitz's background and operations can be found in the Affidavit of Coleen Colreavy Pursuant to Local Bankruptcy Rule 1007-2 (the "Colreavy Affidavit"), which is filed contemporaneously herewith and which is incorporated herein by reference.

4. For the fiscal year ended March 31, 2005, the Debtors recorded revenue of more than \$953.7 million.<sup>1</sup> As of June 30, 2005, the Debtors' books and records reflected assets of approximately \$255.5 million and liabilities totaling approximately \$430.5 million. In 2004, total sales represented approximately 1.8% of all U.S. furniture store sales, making Levitz the seventh largest specialty retailer of furniture in the United States. As of the Petition Date, the Debtors have approximately 2,800 employees.

#### **Jurisdiction**

5. This Court has subject matter jurisdiction to consider this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

#### **Relief Requested**

6. By this Motion, pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedures (the "Bankruptcy Rules"), the Debtors are seeking entry of an order directing (a) the joint administration of the Debtors' chapter 11 cases and (b) parties in interest to use a consolidated caption to indicate that any filed pleading relates to the jointly administered bankruptcy cases of "Levitz Home Furnishings, Inc., *et al.*"

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<sup>1</sup>

The amounts in this paragraph are unaudited and stated on a consolidated basis.

### **Argument**

7. Bankruptcy Rule 1015(b) provides that "[i]f . . . two or more petitions are pending in the same court by or against . . . a debtor and an affiliate, the court may order joint administration of the estates." The Debtors are "affiliates" as that term is defined under section 101(2) of the Bankruptcy Code. Accordingly, this Court is authorized to grant the relief requested herein.

8. Joint administration will eliminate the need for duplicative notices, applications, and orders, thereby saving the Debtors from time and expense that would otherwise be far too burdensome on the Debtors' estates. The rights of creditors will not be adversely affected, as this Motion requests only administrative, and not substantive, consolidation of the estates. In fact, the rights of all creditors will be enhanced by the reduced costs that will result from the joint administration of these cases. Moreover, each creditor may still file its claim against a particular estate. The Court also will be relieved of the burden of entering duplicative orders and maintaining redundant files in thousands of cases. Finally, joint administration will simplify supervision of the administrative aspects of these chapter 11 cases by the Office of the United States Trustee for the Southern District of New York (the "U.S. Trustee") — a task that would pose significant management challenges absent joint administration.

9. Accordingly, the Debtors respectfully request that the caption of their cases be modified to reflect the joint administration of these chapter 11 cases, as follows:

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X	
	:
In re	: Chapter 11
	:
Levitz Home Furnishings, Inc., <i>et al.</i> ,	: Case No. 05-45189 (BRL)
	:
Debtors.	: (Jointly Administered)
	:
-----X	

10. The Debtors also seek the Court's direction that a notation substantially similar to the following notation be entered on the docket of each of the Debtors' cases to reflect the joint administration of these cases:

An Order has been entered in this case directing the procedural consolidation and joint administration of the chapter 11 cases of Levitz Home Furnishings, Inc. and its direct and indirect debtor subsidiaries. The docket in Chapter 11 Case No. 05-45189 (BRL) should be consulted for all matters affecting this case.

11. Finally, the Debtors seek authority to file the monthly operating reports required by the Operating Guidelines and Financial Reporting Requirements promulgated by the U.S. Trustee on a consolidated basis if the Debtors determine, after consultation with the U.S. Trustee, that consolidated reports would further administrative economy and efficiency without prejudice to any party in interest and that the reports would accurately reflect the Debtors' consolidated business operations and financial affairs.

**Notice**

12. No trustee or examiner has been appointed in these chapter 11 cases. Notice of this Motion has been provided to: (a) the U.S. Trustee; (b) counsel to General Electric



Capital Corporation, as agent for the Debtors' prepetition and proposed postpetition secured bank lenders; (c) counsel to the ad hoc committee of the Debtors' senior noteholders; and (d) those creditors holding the 40 largest unsecured claims against the Debtors' estates. The Debtors submit that no other or further notice need be provided.

**No Prior Request**

13. No prior request for the relief sought in this Motion has been made to this or any other Court.

WHEREFORE, the Debtors respectfully request that the Court enter an order granting  
(a) the relief requested herein that is substantially in the form annexed hereto as Exhibit A, and  
(b) such other and further relief to the Debtors as the Court may deem proper.

Dated: October 11, 2005  
New York, New York

Respectfully submitted,

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PROPOSED ATTORNEYS FOR DEBTORS  
AND DEBTORS IN POSSESSION

**EXHIBIT A**

**UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK**

----- X  
:  
In re :  
:  
Paralax Development Industries, Inc., : Chapter 11  
:  
a New York corporation, : Case No. 05-45143 (BRL)  
:  
Debtor. :  
:  
----- X

:  
In re :  
:  
Levitz Home Furnishings, Inc., : Chapter 11  
:  
a Delaware corporation, : Case No. 05-45189 (BRL)  
:  
Debtor. :  
:  
----- X

:  
In re :  
:  
John M. Smyth Company, : Chapter 11  
:  
an Illinois corporation, : Case No. 05-45207 (BRL)  
:  
Debtor. :  
:  
----- X

:  
In re :  
:  
Levitz Furniture Company of Delaware, Inc., : Chapter 11  
:  
a Delaware corporation, : Case No. 05-45211 (BRL)  
:  
Debtor. :  
:  
----- X

-----	X	
	:	
In re	:	Chapter 11
	:	Case No. 05-45212 (BRL)
Levitz Furniture Company of the Midwest, Inc.,	:	
a Colorado corporation,	:	
	:	
Debtor.	:	
	:	
-----	X	

	:	
In re	:	
	:	
Levitz Furniture Company of Washington, Inc.,	:	Chapter 11
a Washington corporation,	:	Case No. 05-45213 (BRL)
	:	
Debtor.	:	
	:	
-----	X	

	:	
In re	:	
	:	
Levitz Furniture Corporation,	:	Chapter 11
a Florida corporation,	:	Case No. 05-45194 (BRL)
	:	
Debtor.	:	
	:	
-----	X	

	:	
In re	:	
	:	
Levitz Furniture, LLC,	:	Chapter 11
a Delaware limited liability company,	:	Case No. 05-45198 (BRL)
	:	
Debtor.	:	
	:	
-----	X	

-----	X	
In re	:	
Levitz Shopping Service, Inc.,	:	Chapter 11
a Florida corporation,	:	Case No. 05-45200 (BRL)
	:	
Debtor.	:	
-----	X	
In re	:	
RHM, INC.,	:	Chapter 11
a Delaware corporation,	:	Case No. 05-45204 (BRL)
	:	
Debtor.	:	
-----	X	
In re	:	
Seaman Furniture Company, Inc.,	:	Chapter 11
a Delaware corporation,	:	Case No. 05-45214 (BRL)
	:	
Debtor.	:	
-----	X	
In re	:	
Seaman Furniture Company of Pennsylvania,	:	Chapter 11
Inc., a Pennsylvania corporation,	:	Case No. 05-45216 (BRL)
	:	
Debtor.	:	
-----	X	

-----	X	
	:	
In re	:	Chapter 11
	:	Case No. 05-45217 (BRL)
Seaman Furniture Company of Union Square,	:	
Inc., a New York corporation,	:	
	:	
Debtor.	:	
	:	
-----	X	

**ORDER PURSUANT TO RULE 1015(b) OF THE FEDERAL  
RULES OF BANKRUPTCY PROCEDURE DIRECTING JOINT  
ADMINISTRATION OF THE DEBTORS' CHAPTER 11 CASES**

This matter coming before the Court on the motion dated October 11, 2005 (the "Motion")<sup>1</sup> of the debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "Debtors") for entry of an order, pursuant to Bankruptcy Rule 1015(b), directing the joint administration of the Debtors' chapter 11 cases and the consolidation thereof for procedural purposes only; the Court having reviewed the Motion, heard the statements of counsel and evidence adduced with respect to the Motion at a hearing before the Court on the Motion (the "Hearing"); the Court having found that: (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 10, 1984 (Ward, Acting C.J.); (b) venue is proper in this district pursuant to 28 U.S.C. § 1409; (c) this is a core proceeding pursuant to 28 U.S.C. § 157(b); and (d) notice of the Motion and the Hearing was sufficient under the circumstances; and after due deliberation the Court having determined that the relief requested in the Motion is in the best interest of the Debtors, their estates and creditors, and good and sufficient cause having been shown;

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<sup>1</sup> Unless otherwise defined herein, all capitalized terms used herein shall have the meanings set forth in the Motion.

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED.
2. The above-captioned chapter 11 cases are consolidated for procedural purposes only and shall be jointly administered by the Court.
3. Nothing contained in this Order shall be deemed or construed as directing or otherwise effecting the substantive consolidation of any of the above-captioned chapter 11 cases.
4. The caption of the jointly administered chapter 11 cases shall read as follows:

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----	x	
	:	
In re	:	Chapter 11
	:	
Levitz Home Furnishings, Inc., <i>et al.</i> ,	:	Case No. 05-45189 (BRL)
	:	
Debtors.	:	(Jointly Administered)
-----	x	

5. A notation substantially similar to the following notation shall be entered on the docket of each of the Debtors' cases to reflect the joint administration of these cases:

An Order has been entered in this case directing the procedural consolidation and joint administration of the chapter 11 cases of Levitz Home Furnishings, Inc. and its direct and indirect debtor subsidiaries. The docket in Chapter 11 Case No. 05-45189 (BRL) should be consulted for all matters affecting this case.

6. The Debtors are hereby authorized to file the monthly operating reports required by the Operating Guidelines and Financial Reporting Requirements promulgated by the U.S. Trustee on a consolidated basis if the Debtors determine, after consultation with the U.S. Trustee, that consolidated reports would further administrative economy and efficiency



without prejudice to any party in interest and that the reports would accurately reflect the Debtors' consolidated business operations and financial affairs.

Dated: New York, New York  
\_\_\_\_\_, 2005

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UNITED STATES BANKRUPTCY JUDGE